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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 10/734,798

Filing Date: December 12, 2003

Appellant(s): ANANTHANARAYANAN ET AL.

Christian Austin-Hollands
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 6/10/2010 appealing from the Office action
mailed 3/12/2010.

(i.) Real Party in Interest

A statement identifying by name, the real party in interest, is contained in the brief.

(ii.) Related Appeals and Interferences

The examiner is not aware of any appeals or interferences related to the above-identified patent application.

(iii.) Status of Claims

The statement of the status of claims contained in the brief is correct.

(iv.) Status of Amendments

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(v.) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(vi.) Ground of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(vii.) Claim Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(viii.) Evidence Relied Upon

2002/0120588 Preist et al. 10/29/2001

2001/0032175 Holden et al. 04/26/2001

(ix.) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections- 35 U.S.C. 102(e)

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-4, 6, 7, 9, 10, 12-14, and 17 rejected under 35 U.S.C. 102(e) as being anticipated by US PG-Pub 2002/0120588 A1 to Preist et al. (Hereinafter "Preist")

Regarding Claims 1, 6, 7, 12, and 17.

Preist teaches a computer-implemented method of trading in an online market, the online market comprising a user and a plurality of trading parties, the method comprising:

using a computer to specify, by a user, initial requirements for initiating trading among trading parties in said online market;

using said computer to execute a multi-party trading mechanism to arrive at trading offers, the trading offers being submitted by the trading parties based on the initial requirements of the user;

wherein the multi-party trading mechanism comprises one of a continuous double auction, a call market, an ascending price auction, a descending price auction, a

first price sealed bid auction, a uniform second price auction, and a reverse auction conducted by the user and the trading parties;

using said computer to select a first trading offer from the trading offers of said multi-party trading mechanism;

using said computer to invoke standalone bilateral negotiations, which stand apart from the multi-party trading mechanism, to arrive at customized trading offers, the standalone bilateral negotiations being invoked with the trading parties who submitted trading offers, said invoking further comprising:

agreeing upon a protocol for conducting the standalone negotiations;

exchanging offers as per the agreed upon protocol; and

concluding the standalone negotiations as per the agreed upon protocol;

using said computer to repeat said executing of said multi-party trading mechanism, and either said selecting of said trading offers of said multi-party trading mechanism or said invoking said standalone bilateral negotiations to obtain either attractive and feasible trading offers from the multi-party trading mechanism or said customized trading offers from the standalone bilateral negotiations, respectively;

using said computer to evaluate the attractive and feasible offers from the multi-party trading mechanism or the customized trading offers from the standalone bilateral negotiations by any of a utility function based on multiple attributes of a traded good or a traded service, a user-specified weights associated with the traded good or the traded service, and a user-specified costs associated with the multiple attributes of the traded good or the traded service; and

using said computer concluding trading deals based on evaluated attractive and feasible offers from the multi-party trading mechanism or the customized trading offers from the standalone bilateral negotiations, whereby said multi-party trading mechanism and said standalone bilateral negotiations are combined.

(See Preist Paragraphs 55-63)

Regarding Claims 2, 9, and 13.

Preist further teaches the invoking the standalone bilateral negotiations comprises:

agreeing upon a protocol for conducting the standalone negotiations;
exchanging offers as per the agreed upon protocol; and
concluding the standalone negotiations as per the agreed upon protocol. (See Preist Paragraphs 55-63)

Regarding Claims 3, 10, and 14.

Preist further teaches the exchanging offers comprises:

receiving offers from the trading parties;
evaluating the received offers;
generating counter-offers on a basis of evaluated offers;
sending counter-offers to the trading parties; and
repeating said receiving, said evaluating, said generating and said sending in accordance with the agreed upon protocol. (See Preist Paragraphs 55-63)

Regarding Claim 4.

Preist further teaches the online market is a regulated online market, the online

Art Unit: 3693

market being regulated to increase trading efficiency of the online market, the trading efficiency of the online market being governed by a number of trading parties that strike a trading deal. (Paragraphs 6 an 7)

Claim Rejections- 35 U.S.C. 103(a)

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Preist in view of US PG-Pub 2001/0032175 A1 to Holden et al. (Hereinafter "Holden").

Regarding Claim 8.

Preist teaches executing a trading mechanism further comprises:
a repository containing information related to the initial requirements of trading parties; (See Preist Paragraphs 55-63)

Priest fails to teach a repository containing information related to past trading

deals; and

a repository containing information related to the trading parties.

Holden teaches:

a repository containing information related to past trading deals; (See Holden
Claim 14)

a repository containing information related to the trading parties. (See Holden
Paragraph 37)

It would be obvious to one skilled in the art to combine Holden and Preist.

There is motivation to do so because Preist relies on past trading deals and
information relating to the parties which can be provided by Holden allowing Preist to
make more accurate, and efficient negotiations.

Post Rejection Remarks:

(x.) Response to Argument

The applicant presents a number of arguments in this Appeal Brief. They have
been fully considered but none are persuasive.

As for the Applicant's arguments concerning claims 1, 7, and 12 the examiner
disagrees.

Applicant argues: "In particular, Appellants noted that Preist fails to disclose
executing a multi-party trading mechanism and invoking standalone bilateral
negotiations. Applicants further submit that nothing in Preist, paras. 55-63 or elsewhere
disclose "[u]sing said computer to evaluate the attractive and feasible offers from the

multi-party trading mechanism or the customized trading offers from the standalone bilateral negotiations by any of a utility function based on multiple attributes of a traded good or a traded service, a user-specified weights associated with the traded good or the traded service, and a user-specified costs associated with the multiple attributes of the traded good or the traded service..." as recited in the claim." Applicant further argues, "...none of these examples, the rules or even the descriptions of the negotiation templates provide any suggestion to employ multi-party trading and standalone bilateral negotiations."

Examiner's Response: As shown in the examiner's rejection and previous responses to the Applicant, Preist shows the use of a multi-party trading mechanism in paragraphs 55 and 56. Further one can look to paragraph 35 of Preist to see the use of a many-to-many negotiation. Contrary to Applicant's assertion that Preist fails to "provide any suggestion to employ multi-party trading and standalone bilateral negotiations" (Appeal Brief Paragraph 15) one can look to Preist in paragraph 36 to see the exchanging of proposals, the equivalent of negotiation, "In the process of reaching agreements, the negotiation participants exchange proposals representing the deals that are currently acceptable to them." (Preist paragraph 36) As for the assertion by the Applicant that Preist fails to show, standalone bilateral negotiations, Examiner has consistently pointed to paragraph 56 of Preist, "[the system] allows us to model one-to-one negotiation as a particular case of many-to-many." Preist, in paragraph 56, clearly shows negotiations being possible by one-to-one negotiation, equivalent to standalone negotiations in Applicant's claims, and by many-to-many, equivalent to multi-party

Art Unit: 3693

trading in Applicant's application. A key phrase of paragraph 56 in Preist states, "Singling out a counterpart can be achieved by limiting the visibility of the broadcast message..." which means the many-to-many negotiation can be turned into a one-to-one negotiation.

Applicant further argues: Appellants have previously noted that the agreement maker mode of Preist relates to identifying the agreements that have been formed by virtue of the parties compliance with the Agreement Formation Rules specified in the negotiation template. The Response to Applicant's Arguments asserts:

"When it is determined the negotiation host acts as an agreement maker. It creates agreement by taking offers from the selected buyers and sellers and applying rules (which create a form of negotiation) to create a deal. As can be seen in the art the negotiation occurs after two series of validations. These validations remove other parties resulting in a stand alone negotiation amongst the bidders and sellers whom were validated." (1/19/2010 Communication, p. 4, 11. 5-10, emphasis added)

The Communications statement that "[t]hese validations remove other parties resulting in a stand alone negotiation amongst the bidders and sellers whom were validated" can only be interpreted as an assertion that the proposal validations described in Preist are asserted by the Communication as a form of negotiation.

However, this interpretation of negotiation is inconsistent with Preist which describes the use of a proposal validator 28 (Preist, para 54, 11. 1-6) with a view to rejecting invalid proposals. Appellants respectfully submit that validation of a proposal is not a negotiation but merely the enforcement of market rules designed to encourage efficiency.

Moreover, the examiner's attention was previously drawn to the fact that even

assuming arguendo the merit of such an interpretation, which Appellants strenuously dispute, the interpretation fails to address the features of the claims which require a multi-party trading mechanism in which the trading offers are submitted by the trading parties. That is, the interpretation offered by the Communication has the negotiation conducting the negotiation. However, the standalone bilateral negotiations recited in Appellants' claims are similarly invoked with the trading parties.

Under the interpretation offered by the Communication, the proposal validation rules executed by Preist are asserted to be a negotiation, although since the validation is executed by the proposal validator rather than by the trading parties, this interpretation of Preist fails to disclose each feature recited in the claims.

The 3/24/2010 Communication asserts that "It]he negotiation host uses agreed upon rules to negotiate the final Price and Quantity creating a contract." (3/24/2010 Communication, p. 2, 11.8-9, emphasis added).

Thus, the Communication argues the negotiation host negotiates the contract, which as noted above fails to address all the features of the claims which clearly state that it is the trading parties that are involved in the negotiations.

Examiner's Response: Examiner maintains the position that, "[t]hese validations remove other parties resulting in a stand alone negotiation amongst the bidders and sellers whom were validated." In contrast to what Applicant contends, negotiations occur when one party enters a proposal and then has the proposal invalidated. The invalidation is in effect a rejection of the proposal which means a negotiation, which happens to have an outcome unfavorable to the proposer.

Examiner is confused by Applicant's contention, "[that] the interpretation offered by the Communication has the negotiation conducting the negotiation. However, the standalone bilateral negotiations recited in Appellants' claims are similarly invoked with the trading parties." Examiner, after reading the next few paragraphs of Applicant's brief, assumes Applicant is arguing Preist does not allow users to perform the negotiations, but rather the system automatically performs the negotiation. However, Preist allows the users to enter guidelines for the negotiation and allows users to enter actual offers. As such the system allows for the trading parties to be involved in the negotiations, for if there were no trading parties there would be no trade/offer.

Applicant further argues: The Communication then states: "As for the second contention that the standalone bilateral negotiations of Preist are not invoked with 'the trading parties who submitted trading offers' examiner disagrees. Examiner finds it inherent that the two parties who submitted the bids are invoked within the negotiation as there (sic) bids and offers are being utilized. Further the system of Preist clearly shows the ability to act in a one to one fashion or as a more broad many to many fashion. Paragraphs 46, 56. (3/24/2010 Communication, p. 2, 11. 10-13).

Appellants submit that the Communication's assertion in the first paragraph that "[t]he negotiation host uses agreed upon rules to negotiate the final Price and Quantity creating a contract" is inconsistent with the Communication's assertion in the second paragraph that the two parties who submitted trading offers are inherently involved in the negotiations since the Communication has already asserted it is the negotiation host

that negotiates using the agreed upon rules.

Appellants further submit that whether Preist "has the ability" to handle one to one or as a more broad many to may fashion is inapposite to Appellants' point that Preist fails to disclose the combination of the multi-party trading mechanism and the standalone bilateral negotiations.

Examiner's Response: As stated above Preist shows the use of standalone and multi-party negotiations throughout the specification, namely paragraphs 35, 56, and 62. It is clear in paragraph 62 that after offers are entered in a multiparty negotiation, the system of Preist, utilizing two party's offers, creates a standalone negotiation between the two. As no contract has been formed before the approval of price and quantity, for fear of an illusory contract, the system of Preist is still in the negotiation phase. It is not until the two parties agree on price and quantity, through rules and offers entered in the system of Priest that a contract is made. While Preist may state the use of "Agreement rules", this should not be taken to mean negotiations are completed. Rather negotiations continue through the use of the agreement rules.

Applicant further argues: Finally, Appellants note that there is no indication in the cited portions of Preist or elsewhere in the applied art of the repetitive execution of the multi-party and the standalone bilateral negotiations to obtain trading offers and no evaluation using an [sic] "any of a utility function based ona user-specified weights.., and a user-specified costs..." and consequently no conclusion of trading deals "...based on evaluated attractive and feasible offers..." as recited in the independent claims.

Examiner's Response: Upon reviewing the entire claim section Applicant piecemealed together, one would find Preist covers the claim limitations. The claim states, "using said computer to evaluate the attractive and feasible offers from the multi-part trading mechanism or the customized trading offers from the standalone bilateral negotiations by **any of** a utility function based on multiple attributes of a traded good or a traded service, a user-specified weights associated with the traded good or the traded service, and a user-specified costs associated with the multiple attributes of the traded good or the traded service;"

Preist in Paragraphs 32, 34, 35, and numerous others, specifies price (cost), supply, and product type (attributes). As Applicant's claim requires any of the claimed, Preist showing price is more than enough to cover Applicant's limitation.

Applicant further argues: "Independent claims 6 & 17 are independently patentable for the features they describe and do not stand or fall with independent claims 1, 7 and 12. Appellants arguments directed to claim 1 are equally relevant in traversing the rejection of claims 6 and 17. In addition, Appellants submit that claim 6 further recites "[u] sing said computer to invoke standalone bilateral negotiations, which stand apart from the multi-party trading mechanism, to arrive at customized trading offers, the standalone bilateral negotiations being invoked with the trading parties who submitted trading offers, said invoking further comprising: agreeing upon a protocol for conducting the standalone negotiations; exchanging offers as per the agreed upon protocol; and concluding the standalone negotiations as per the agreed upon protocol..."

as recited in claims 6 and similarly recited in claims 17. Thus these features of claims 6 and 17 further define patentable subject matter over Preist."

Examiner's Response: Examiner disagrees with Applicant's arguments. As argued above, standalone negotiations occur between trading parties through a protocol. Examiner points to Paragraphs 55 and 56 and then paragraph 62 which show negotiations between many parties and then negotiations between two parties respectively. Examiner notes the agreement rules define a protocol as does the messaging system with templates described in paragraph 55.

Applicant further argues: "Dependent claim 2, 9 and 13 are independently patentable for the features they describe and do not stand or fall with their respective parent claims. Appellants note that the cited portions of Preist do not disclose, teach or even suggest wherein the invoking the standalone bilateral negotiations comprises: agreeing upon a protocol for conducting the standalone negotiations; exchanging offers as per the agreed upon protocol; and concluding the standalone negotiations as per the agreed upon protocol, as recited in claims 2 and similarly recited in claims 9 and 13. As noted above, Preist specifies through the use of a negotiation template (Preist, para. 88) how negotiations are conducted. Preist fails to even suggest agreeing upon a protocol for standalone bilateral negotiations upon invocation.

Examiner's Response: Examiner disagrees with Applicant's arguments. As argued above, standalone negotiations occur between trading parties through a protocol. Examiner points to Paragraphs 55 and 56 and then paragraph 62 which show

negotiations between many parties and then negotiations between two parties respectively. Examiner notes the agreement rules define a protocol as does the messaging system with templates described in paragraph 55. Examiner further notes offers are exchanged over the messaging system.

Applicant further argues: "Dependent claims 3, 10 and 14 are independently patentable for the features they describe and does not stand or fall with their respective parent claims. Appellants respectfully draw attention to the fact that Preist fails to disclose, teach or even suggest at least the features directed to "[w]herein the exchanging offers comprises: receiving offers from the trading parties; evaluating the received offers; generating counter-offers on a basis of evaluated offers; sending counter-offers to the trading parties; and repeating said receiving, said evaluating, said generating and said sending in accordance with the agreed upon protocol, as recited in dependent claim 3 and similarly recited in dependent claims 10 and 14.

In fact, there is no indication that Preist contemplates any use of counter-offers. This is further supported by the fact that no counter-offers are present in any of the exemplary embodiments described by at for example, Preist, para 81 - 129."

Examiner's Response: Examiner disagrees with Applicant's arguments and points to paragraph 55-63 of Preist to teach the use of counter-offers. Although the term "counter-offer" is never used, it does not mean the system of Preist does not teach it. Offers in Preist are posted and displayed on the negotiation system. The offers (either selling price or buying price) are then visible to users in the negotiation. Upon viewing

the offers, a fellow user then submits a counter-offer at a set price based upon the price the original user submitted. (either selling or buying price dependant upon what the original user submitted) One skilled in the art of trading would understand the posting of a purchasing price after a seller posts a selling price is a counter-offer. Examiner would even contend any counter-offer to an offer is *dependant* upon having an offer.

Applicant further argues: "Dependent claim 4 is independently patentable for the features it describes and does not stand or fall with its respective parent claim. In particular, Preist fails to disclose, teach or even suggest at least the features directed to "[w]herein the online market is a regulated online market, the online market being regulated to increase trading efficiency of the online market, the trading efficiency of the online market being governed by a number of trading parties that strike a trading deal..." The 1/19/2010 Communication assert support for these features is provided by Preist, paras. 6-7. (1/19/2010 Communication, p. 7, 11. 13).

However, Preist merely states:

"In accordance with a first aspect of the present invention there is provided a computer system for allowing negotiation between a plurality of entities, the computer system comprising a computer network having a plurality of computer nodes; a computer node being arranged to define the negotiation between the entities with a set of negotiation activities; wherein the computer node is operable to implement a plurality of negotiation rule sets, each rule set constraining the set of negotiation activities to a specific negotiation type, thereby allowing an entity to select at least one of a plurality of negotiation types. This seeks to provide efficiency in the automation of the negotiation process by standardizing the basic activities in any negotiation. This can reduce the effort required to automate many different kinds of business interactions. (Preist, pars. 6-7)."

Appellants note that the cited portion of Preist fails to even mention the regulated online market to which the claim is directed. The Communication fails to provide any indication as to what mapping between the terms in Preist and the features recited in Appellants claims. Thus, the Communication's rejection of claim 4 and in fact all of the rejections offered by the Communication fails to establish a *prima facie case*."

Examiner's Response: Examiner disagrees with Applicant's argument. Clearly the system of Preist is regulated as rules are set up to *regulate* the system. The users of the system agree to and decide on these rules. Examiner agrees that Preist fails to utilize the term "regulate" but the system of Preist is clearly regulated as the users define rules to be able to trade on the system. Further the users can block who uses the system. (Preist paragraph 56) Preist, in paragraphs 6-7 cited above, shows the efficiency attempting to be improved but also being dependant upon the trading parties.

Applicant further argues: Dependent claim 8 is independently patentable for the features it describes and does not stand or fall with its respective parent claim. Preist-Holden does not disclose, teach or even suggest at least the features directed to "[w]herein the circuit for executing a trading mechanism further comprises: a repository containing information related to the initial requirements of trading parties; a repository containing information related to past trading deals; and a repository containing information related to the trading parties..." As previously noted, Preist fails to disclose the trading mechanism recited in the claims. The Communication does not assert that Holden remedies this deficiency, nor does it. Thus, claim 8 defines patentable subject

matter over Preist-Holden. In view the foregoing, the Board is respectfully requested to reconsider and withdraw this rejection.

Examiner's Response: Examiner provided arguments for the trading mechanism above and will not repeat them. As for the limitations of the repositories, Preist teaches the initial requirements being stored and Holden teaches the rest. Preist utilizes a system which stores and displays, (the equivalent of the Applicant's undefined 'repository') the initial requirements. (Paragraph 57 Proposals being broadcast and delivered) Holden teaches a database holding past trading deals in claim 14 (a history of winning and losing bids by a user is viewable...via an interface) and a repository containing trading party information in paragraph 37. (User profiles)

(XI.) Related Proceedings Appendix.

No related proceedings have been filed.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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